

STATE SENATOR • MARTHA G. SCOTT • 2ND DISTRICT

Scott Press Release

P.O. Box 30036 • Lansing • Michigan • 48909-7536 • 517-373-7748 • Fax: 517-373-1387
E-mail: senmscott@senate.michigan.gov • www.senate.michigan.gov/scott



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CONTACT: Sen. Martha G. Scott
PHONE: 517-373-7748

Consumer Advocates Rally Against Insurance ‘Redlining’ *Scott: Michigan Citizens Deserve Fair & Affordable Rates*

LANSING—State Sen. Martha G. Scott (D-Highland Park) and consumer advocates from around Michigan rallied today on the steps of the State Capitol to call for the end of the unethical practice of insurance redlining. Redlining is when insurance companies charge significantly higher rates for consumers living in one neighborhood than they do for consumers living in an adjacent neighborhood.

“Reform must be made and must be made now,” said Sen. Scott. “Citizens throughout the state deserve fair and equitable treatment from insurance companies. Redlining, and the equally unethical practice of credit scoring, only serves to raise the rates of the very people who can least afford it.”

State Rep. Michael C. Murphy (D-Lansing), Chairperson, Michigan Legislative Black Caucus, and Iowa State Rep. Wayne Ford, Chair of the Insurance Committee of the National Black Caucus of State Legislators (NBCSL), joined Sen. Scott at the rally. Sen. Scott serves as Rep. Ford’s Vice-Chair.

“The people of Michigan deserve to understand why they pay higher insurance rates than almost anyone else in the country,” said Rep. Ford. “The public also needs to know how discriminatory practices like the question of redlining undermine efforts to revitalize our urban areas. Insurance companies must be required to treat everyone fairly and without bias – and, that is why I am here.”

Reasonably priced home and automobile insurance is inaccessible to many Michigan residents, yet Michigan law stipulates coverage in most situations. Senate Democrats have sponsored a host of bills addressing the issue of unfair insurance pricing. The Republican chair of the Senate Banking and Financial Institutions committee has yet to allow a vote on any piece of the proposed legislative package.

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Proposed legislation in the Michigan Senate includes:

- Senate Bill 23: A bill to require that insurers deal in good faith with individuals claiming benefits through a property and casualty policy.
- Senate Bill 25: A bill to require that insurers deal in good faith with individuals claiming benefits through an automobile policy.
- Senate Bill 26: A bill that prohibits the charging of different insurance rates due to geographic location.
- Senate Bill 27: A bill that requires insurers to annually report certain claims data to the Office of Financial and Insurance Services.
- Senate Bill 200: A bill that would require prior state approval of auto insurance rates and authorize the state insurance commissioner to reduce rates if they are determined to be excessive. The legislation would also require policyholders be given a 60-day prior notice of a rate hike to provide an opportunity for consumers to seek a lower rate elsewhere.

Detroit has some of the highest auto and homeowner's insurance rates in the country, with residents paying two, three and even four times more than those in other parts of the state. However, this is not a problem strictly limited to Detroit. The Office of Financial and Insurance Services (OFIS) reports that it has received thousands of complaints from citizens all across the state regarding the high costs of insurance.

"Some like to talk about so-called tax relief all the time. What about insurance relief?" questioned Sen. Scott. "Auto and homeowners insurance present a substantial burden for my constituents. We should not let unscrupulous companies take advantage of vulnerable consumers."

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Senator Scott represents the 2nd Senate District, which includes areas of Detroit and the cities of Hamtramck, Harper Woods, Highland Park and all of the Grosse Pointes. She serves on the Senate Appropriations Committee.